

Message Text

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ACTION OPIC-12

INFO OCT-01 AF-10 ISO-00 EB-11 COME-00 TRSE-00 AGR-20 L-03

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FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 5213

UNCLAS TUNIS 2325

DEPT PASS OPIC

DEPT FOR AF/N MACK

E.O. 11652: N/A

TAGS: EAGR, TS

SUBJECT: US INVESTMENT IN TUNISIAN CATTLE INDUSTRY

REF: STATE 076346

1. AS NOTED DURING TUNIS VISIT OF OPIC PRESIDENT MAYS (TUNIS 1878 AND A-51) GOT PRIMARILY INTEREST IN US INVESTMENT TO EXPAND AND INCREASE QUALITY OF TUNISIAN BEEF PRODUCTION, BOTH FOR LOCAL MARKET AND FOR EXPORT, TUNISIANS WOULD LIKE US PARTICIPATION IN INTEGRATED PROJECT INCLUDING PRODUCTION OF 5,000/10,000 CALVES PER YEAR, FEED LOT AND FATTENING OPERATION, FEED GRAIN PLANT USING LOCALLY GROWN OR IMPORTED PRODUCT, MEAT PROCESSING AND MARKETING AND, POSSIBLY, LEATHER TANNERY. TUNISIANS PROBABLY ALSO RECEPTIVE TO US PARTICIPATION IN ANY OF THESE ACTIVITIES SEPARATELY.

2. GOT APPEARS TO EXPECT THAT US INVESTOR WOULD ENGAGE IN JOINT VENTURE WITH TUNISIAN PARTNER, BUT IS PREPARED TO GIVE US FIRM MANAGEMENT CONTROL. GROWING OF BOTH LIVESTOCK AND FEED GRAINS PROBABLY TO BE KEPT IN TUNISIAN HANDS SINCE AGRICULTURAL LAND CANNOT BE OWNED OR LEASED BY FOREIGNERS. PROJECT WOULD HAVE TO RELY ON SUPPLY OF CALVES AND LOCALLY GROWN FEED GRAIN THROUGH UNCLASSIFIED

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PURCHASE CONTRACTS, BUT GOT MIGHT AGREE TO SUPPLEMENTARY

MANAGEMENT CONTRACTS OR OTHER ARRANGEMENTS TO GUARANTEE
AVAILABILITY. GOT MAY BE RECEPTIVE -- AT LEAST INITIALLY--
TO IMPORT OF CATTLE FOR FEED LOT FATTENING FOR EXPORT OF
MEAT.

3. POTENTIAL PROBLEMS RESULTING FROM GOT CONTROLS OVER
PRICES OF FEED GRAINS AND MEAT FOR LOCAL MARKET COULD BE
OVERCOME IF PROJECT SUFFICIENTLY ATTRACTIVE TO INDUCE
GOT TO CHANGE ITS PRICE CONTROL POLICIES OR IF COMPANY
ENGAGED ONLY IN EXPORT OF MEAT BASED ON IMPORTED FEED
GRAINS. AT PRESENT, GOT FEED GRAIN PLANT SELLS FEED
AT SUBSIDIZED PRICES WHICH GOT UNWILLING EXTEND TO PRIVATE
SECTOR. LOCAL PRICES OF MEAT KEPT TOO LOW TO ENCOURAGE
GREATER PRODUCTION OR HIGHER QUALITY. THERE MAY BE
PROBLEM OF EUROPEAN SANITARY RESTRICTIONS ON IMPORTS
OF TUNISIAN FRESH BEEF, IN WHICH CASE MEAT WOULD HAVE TO
BE EXPORTED TO NEAR EAST OR AFRICAN STATES OR CANNED OR
OTHERWISE PROCESSED FOR EXPORT TO EUROPE.

4. SEVERAL PRIVATE TUNISIAN BUSINESSMEN INTERESTED IN
PARTICIPATION IN BUILDING OF FEED GRAIN PLANT IF PRICE
PROBLEM CAN BE OVERCOME. TUNISIAN PRIVATE AND PUBLIC
INTERESTS ALSO PREPARED HELP FINANCE AND PARTICIPATE IN
JOINT VENTURE WITH US COMPANIES FOR ALL OR SOME OTHER
ELEMENTS OF PROJECT.

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